

OKLAHOMA CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
P.O. BOX 52000
OKLAHOMA CITY, OK 73152-2000
(Rule 165:10-3-1)

API NUMBER: 019 06166 B

Approval Date: 10/09/2012
Expiration Date: 04/09/2013

Straight Hole Oil & Gas

Amend reason: ADD FORMATION & LOCATION EXCEPTION

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 01 Twp: 3S Rge: 3W

County: CARTER

SPOT LOCATION: E2 W2 NE SE

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 1980 1930

Lease Name: HERNSTADT (W. L. HERNSTADT 1)

Well No: 1

Well will be 610 feet from nearest unit or lease boundary.

Operator Name: THUNDER OIL & GAS LLC

Telephone: 5802263800

OTC/OCC Number: 10073 0

THUNDER OIL & GAS LLC

PO Box 1788

ARDMORE, OK 73401-1788

DAVID M. WATSON

4027 BUCK HORN RD.

HEALDTON OK 73438

Formation(s) (Permit Valid for Listed Formations Only):

| | Name | Depth | Name | Depth |
|---|---------------|-------|------|-------|
| 1 | DORNICK HILLS | 5920 | 6 | |
| 2 | HUNTON | 6050 | 7 | |
| 3 | VIOLA | 6350 | 8 | |
| 4 | | | 9 | |
| 5 | | | 10 | |

Spacing Orders: 268572
278736
270139

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201306862

Special Orders:

Total Depth: 7000

Ground Elevation: 1062

Surface Casing: 0

Depth to base of Treatable Water-Bearing FM: 790

Cement will be circulated by use of a two-stage cementing tool from 890 to 0 .

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: Yes

PIT 1 INFORMATION

Type of Pit System: ON SITE

Type of Mud System: WATER BASED

Chlorides Max: 5000 Average: 3000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: 2

Liner not required for Category: 2

Pit Location is BED AQUIFER

Pit Location Formation: GARBER

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

H. CBL REQUIRED

Notes:

This permit does not address the right of entry or settlement of surface damages.

The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

| Category | Description |
|------------------------|--|
| ALTNERATE CASING | 10/2/2012 - G71 - APPROVED; DV TOOL TO BE SET NO DEEPER THAN 100' BELOW BASE OF TREATABLE WATER; A COPY OF THE CBL TO BE REVIEWED AND APPROVED BY OCC TECHNICAL STAFF PRIOR TO ANY COMPLETION WORK BEING COMMENCED |
| PENDING CD - 201306862 | 10/22/2013 - G75 - E2 SE4 1-3S-3W X268572/278736 DKHL, HNTN X270139 VIOL 660 FNL, 630 FWL ** NO OP. NAMED REC 11-5-2013 (OSBURN) |
| SPACING - 268572 | ** S/B 610 FWL; CORRECTED AT HEARING PER ATTORNEY FOR OPERATOR 10/3/2012 - G75 - (80) S2 1-2S-3W SU NW/SE EXT 210617 DKHL, HNTN, OTHERS EXT OTHER |
| SPACING - 270139 | 10/22/2013 - G75 - (80) S2 1-3S-3W SU NW/SE EST VIOL, OTHER |
| SPACING - 278736 | 10/3/2012 - G75 - NPT 268572 CHANGING S2 1-2S-3W TO S2 1-3S-3W |
| SURFACE CASING | 10/1/2012 - G71 - 725' OF 13 3/8" SURFACE CASING IN PLACE PER 1002A |
| SURFACE LOCATION | 10/3/2012 - G75 - 1980' FSL, 1930' FWL SE4 1-3S-3W PER 1002A; |

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019 06166 HERNSTADT (W. L. HERNSTADT

1) 1